

KRX Launches New Gold Futures

1. Overview

The Korea Exchange (KRX) announced that it would list a new type of gold futures based on a stronger link with the gold spot market on Monday, November 23rd.

The gold futures to be newly traded are the products that have been designed by modifying the existing mini gold futures, and the main feature is that they use the closing price of the KRX gold market as the final settlement price, indicating a stronger link between the gold futures and spot markets than before.

2. Background and Improvement

<Background>

The trading volume of existing gold futures and mini gold futures is lackluster*, whereas the KRX gold market has achieved growth consistently** since it was opened in 2014.

* Average daily trading volume of gold futures (1 contract = 1 kg): 231 contracts in 1999 → 261 contracts in 2000 → 2 contracts in 2001 → 0 contract in 2002 → 230 contracts in 2003 → 4 contracts in 2004 → 0 contract in 2005-2006 → 2 contracts in 2007 → 5 contracts in 2008 → 7 contracts in 2009 → 0 contract in 2010-2015

Average daily trading volume for mini gold futures (1 contract = 100g): 393 contracts in 2010 → 727 contracts in 2011 → 88 contracts in 2012 → 130 contracts in 2013 → 32 contracts in 2014 → 124 contracts in Jan.-Sep. 2015

** Average daily trading volume for the KRX gold market: 5.45kg in Mar.-Dec. 2014 → 8.47kg in Jan.-Sep. 2015

Against this background, the KRX decided to use the linkage between the gold spot and futures markets as a platform to develop the KRX gold market as well as the KRX gold futures market into a global market.

<Improvement>

The market will be linked with the KRX gold market, for example, by using the closing price of the KRX gold market as the final settlement price for new gold futures and the

base price for underlying assets.

In addition, the trading hours for gold futures and price limit range will be aligned with those for the KRX gold market in order to promote balanced development and growth of the two markets.

【Major Changes】

	Before Change	After Change
1. Product name	Mini gold futures (The existing gold futures that were to be delivered in the form of “physical” product will be de-listed.)	Gold futures
2. Underlying assets	Gold nugget with 99.99% purity	Gold bullion weighing 1kg with purity at 99.99% or higher that is a brick-shaped rectangular parallelepiped (In line with the KRX gold market)
3. Base price for underlying assets	International gold price publicly announced by Tenfore	Closing price of the KRX gold market
4. Price limit	9%	10% (In line with the KRX gold market)
5. Trading hours	[For an issue of which final trading day has arrived] Quotation receipt hours : 08:00-15:15 Trading hours: 09:00-15:15	[For an issue of which final trading day has arrived] Quotation receipt hours: 08:00-14:50 Trading hours: 09:00-14:50
6. Final Settlement Price	LMBA Gold Price that is initially announced after closing of the market on the final trading day	Closing price of the KRX gold market on the final trading day

7. Finanl Settlement Day	At 16:00 on T+2 Day	At 16:00 on T+1 Day
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3. Reference Information

<Delisting of Gold Futures>

The existing gold futures of which trading has not occurred at all since August 2010 was designated as products scheduled for delisting on Monday, October 26th and will be delisted in due course.

<Restriction on Quotation Placement for Gold Futures>

From the date when the existing gold futures are designated as products scheduled for delisting, the input of quotation for the contract months without open interests is restricted, and there will be no listing of a new contract month* for the gold futures.

- * The final trading date for the entire contract months of the exiting gold futures and mini gold futures will be Wednesday, November 18th, and the final settlement date will be Friday, November 20th. The trading of gold futures and mini gold futures will not be allowed for two days from Thursday, November 19th to Friday, November 20th.

For your reference, the most recently delisted product* in the KRX Derivatives Market is the Monetary Stabilization Bond futures in February 2011.

- * Delisted Products: KOSDAQ50 options (Nov. 2005), KOSDAQ50 futures (Dec. 2005), 3-year government bond futures options (Aug. 2007), CD futures (Dec. 2007), former 5-year/10-year government bond futures (Oct. 2010), former 3-year government bond futures (Dec, 2010), Monetary Stabilization Bond Futures (Feb. 2011)



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About KRX

Korea Exchange (KRX) is the operator of Korea's Securities and Derivatives Markets under the 'Financial Investment Services and Capital Markets Act (FSCMA).' KRX operates four Markets; KOSPI Market as a main board, KOSDAQ Market as a venue to small and medium sized enterprises, KONEX Market for start-up venture companies and Derivatives Market which boasts of the most liquid products in the World. Within its consolidated trading platform, KRX offers vast product line-up including equity shares, bonds, ETFs, ETNs, ELWs, Commodities, futures and options. For more information please visit our website at <http://eng.krx.co.kr>.

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